

Message Text

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DRAFTED BY AF/E:TJBURKE:CRJ

9/5/73 EXT 28851

APPROVED BY AF/E:WBCOOTE

AF/E:AMB. WILKOWSKI (SUBSTANCE)

EB/IFD/OIA:MR. KLINGELHOFFER

----- 018024

R 052157Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

C O N F I D E N T I A L STATE 176486

E.O. 11652: GDS

TAGS: EIND, EMIN, ZA

SUBJECT: REVISION MINING AGREEMENTS

REF: STATE 174180, LUSAKA 1594, 1598, 1607

1. AMAX CHAIRMAN MACGREGOR TELEPHONED AMBASSADOR WILKOWSKI SEPTEMBER 4 FROM GENEVA TO DISCUSS PRESIDENT KAUNDA'S ANNOUNCEMENT OF MINING AGREEMENT REVISIONS.

2. MACGREGOR SAID THAT IN CONVERSATION WITH PRESIDENT JUST TEN DAYS BEFORE MULUNGUSHI CONFERENCE, KAUNDA WHO APPEARED SINCERE AND HONEST TO MACGREGOR INITIATED DISCUSSION OF MINING AND SALES AGREEMENTS, SAYING TO MACGRAGOR AND VUILLEQUEZ THAT HE UNDERSTOOD MANAGEMENT AND SALES CONTRACTS (AND BY IMPLICATION OTHER ASPECTS OF TAKEOVER AGREEMENT) WERE WORKING OUT WELL AND THAT HE WAS PLEASED WITH THIS STATE OF AFFAIRS. HE ASKED THE AMAX OFFICIALS THEIR VIEWS AND THEY REPLIED THAT THEY WERE QUITE SATISFIED.

3. MACGREGOR VOLUNTEERED THAT HE SUSPECTED MINISTER OF FINANCE MWANAKATWE AND CENTRAL BANK GOVERNOR KUWANI HAD
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BEEN PRIME MOVERS BEHIND DECISION TO REVISE AGREEMENTS.

4. ACCORDING TO MACGREGOR, AMAX PLANS INITIALLY TO POINT OUT TO GRZ THAT REVISIONS, AS ANNOUNCED, ARE CONTRARY--AT LEAST IN PART--TO PROVISIONS OF TAKEOVER AGREEMENTS AND THAT AMAX WILL REQUEST ARBITRATION BY IBRD AS PROVIDED FOR IN AGREEMENTS.

5. MACGREGOR INDICATED HIS DISPLEASURE AT VARIOUS LONDON AND NEW YORK BANKS WHOSE SYNDICATIONS OR PARTICIPATION IN SYNDICATIONS OF RECENT EURODOLLAR BORROWING BY GRZ PRESUMABLY PROVIDING CASH WITH WHICH GRZ INTENDS REDEEM ZIMCO BONDS. MACGRAGOR APPEARS BELIEVE THAT BANKS DID NOT KNOW WHAT GRZ INTENDED TO DO WITH LOAN PROCEEDS OR IF THEY DID, THEY WERE NOT HELPFUL TO AMAX BY ALERTING IT TO POSSIBILITY OF REDEMPTION ZIMCO BONDS.

6. JEAN VUILLEQUEZ PROCEEDING TO LUSAKA TO SEEK CLARIFICATION OF PROPOSED REVISIONS AND, PRESUMABLY, PUT GRZ ON NOTICE OF AMAX INTENTION SEEK ARBITRATION.REQUEST THAT EMBASSY CONTACT VUILLEQUEZ FOR PURPOSE KEEPING INFORMED OF PROGRESS HIS CONVERSATIONS WITH GRZ. RUSH

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